PVE

PROVIDENT VENTURES CORPORATION
Suite 770, 10655 Southport Road S.W., Calgary, Alberta T2W 4Y1
TELEPHONE: (403) 278-2272
FACSIMILE: (403) 278-2337

ALBERTA STOCK EXCHANGE LISTED COMPANY / P V E

P V E

To Our Shareholders,

As a newly consolidated company Americana/Provident still believes in the strength of the bottled water market in Southern California and in the opportunities it presents. However, a complete review of personnel policies and the business plan of Americana Natural Waters was necessary and undertaken in the latter part of 1994.

Contract packaging and private label bottling were recognized as two areas with the greatest growth potential and immediate cash flow availability. (It should be noted that our state of the art bottling facility was designed with this in mind.)

This bottling facility offers very efficient operations with a large degree of flexibility in production for a variety of contract packaging requirements. Seven bottling contracts have been signed with a wide range of private label distributors and contract packaging water companies.

Initial response has been very encouraging. In fact, Americana had enough demand in July and August orders to implement a second shift. (A second shift would be brought on at approximately 80-85,000 cases/month.) The second shift production demand greatly improves operating efficiencies based on contribution to fixed overhead.

In the spring and summer of 1994, due to a glass strike in the USA many traditional users of glass packaging switched to PET (clear plastic bottles), i.e., Coke, Pepsi, ketchup, salad dressings, etc., thus creating an unprecedented demand on plastic packaging. Americana was forced to rely on spot delivery and current market prices for PET supply, and later experienced an inability to obtain PET at any price.

By the end of June Americana had secured a contract through a Los Angeles broker of a plastics manufacturer to supply in excess of 100,000 cases of bottles in July and August. The supplier was unable to obtain an adequate supply of preforms, experienced numerous equipment breakdowns, and was basically unable to produce more than 6,000 cases of the promised 100,000.

Fortunately, a segment of Americana's contract pack customers had their own long term supply of bottles (albeit on allocation) which allowed continued production despite the materials shortages experienced.

Provident Ventures Corporation continued to provide the required working capital for Americana's operations and identified a clear need to control the PET bottle supply or perish. Several alternatives were examined in depth.

The most advantageous alternative was to build a strategic alliance with an existing plastic company with plans and capital to expand into PET, providing Americana /Provident with a guarantee of sole supply on a Priority basis of up to 50 million bottles per year for 3 years.

To provide the security required by Americana/Provident in this alliance, a Private Placement of $500,000 (U.S.) into Provident was requested of the plastics manufacturer by the Principals. This Private Placement was completed.

In April, 1994, when Provident took control of Americana, Americana had less than 6,000 cases of production per month in real orders, and trade payable, judgements and levies in excess of $2,200,000 (U.S.).

Production for the month of October has exceeded 45,000 cases of water and the trade payables are below $200,000 (U.S.).

Recent capital expenditures of $100,000 (U.S.) were approved to acquire a new Sports Capper and Shrink Wrap machine for the bottling line. The ability to efficiently handle "Sports Cap" production allows Americana access to a large and growing segment of bottled water production and further enhances contract packing opportunities.

Fiscal 1994 has been a year of setting the stage for International sales. Americana has taken important steps to lay the groundwork for future export to a number of foreign countries.

The California marketplace, the largest bottled water market in North America, proved to be very formidable. With supply problems affecting production, resulting in reduced sales volume accompanied by new sales development cost, our basic earnings per share declined. In summary, although we have had a temporary setback in California resulting in less than expected revenue, we feel confident we have established our presence in California and we may substantially increase international sales during the course of 1995.

I would like to sincerely thank all our customers, shareholders, suppliers, and employees for their continued confidence and cooperation.

Terry Hagen

Terence M. Hagen
President

PROVIDENT VENTURES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1994

TELEPHONE (403) 228-2548
FAX (403) 244-3625

1002 - 14TH AVENUE S. W.
CALGARY, ALBERTA T2R 0P1

McCallum, Stitt Associates
CHARTERED ACCOUNTANTS

GORDON H. STITT *
JAMES MCCALLUM *
* Denotes Professional Corporation

January 13, 1995

AUDITOR'S REPORT

To the Shareholders of Provident Ventures Corporation.

I have audited the consolidated balance sheet of Provident Ventures Corporation as at July 31, 1993 and 1994 and the consolidated statements of loss and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at July 31, 1993 and 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

James McCallum

JAMES MCCALLUM
Chartered Accountant

PROVIDENT VENTURES CORPORATION

CONSOLIDATED BALANCE SHEET

	July 31 1994	1993
ASSETS		
Current assets:		
Cash	$ -	$ 67,451
Accounts receivable	161,241	-
Inventory	88,421	-
Prepaid expenses	41,529	1,735
	291,191	69,186
Investment in Americana Natural Waters Inc.(Note 3)	-	5,991,917
Project costs (Notes 4 & 14)	740,058	740,058
Capital assets (Note 5)	2,307,430	56,603
Intangible assets (Note 6)	10,832,695	-
Incorporation costs	1,666	429
	$14,173,040	$ 6,858,193
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cheques issued in excess of bank balance	$ 2,973	$ -
Accounts payable	1,662,086	84,181
Obligations outstanding re. acquisition (Note 3)	469,077	-
Current portion of long term debt	1,319,533	16,159
	3,453,669	100,340
Deposit from Lumberton Mines Limited (Note 9)	21,730	21,730
Long term debt (Note 7)	288,606	-
Minority interest	4,801,231	-
Shareholders' equity:		
Share capital (Note 8)	9,051,099	8,317,510
Deficit	(3,443,295)	(1,581,387)
	5,607,804	6,736,123
	$14,173,040	$ 6,858,193

Contingencies (Notes 1 & 14)

APPROVED BY THE BOARD:

Terry Hagen ____________________ Director

____________________ Director

PROVIDENT VENTURES CORPORATION

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT

	Year Ended July 31 1994	1993
Revenue:		
Water sales	$ 470,183	$ -
Interest and miscellaneous income	17,002	8,858
	487,185	8,858
Expenses:		
Legal and accounting fees	470,241	194,788
Management and consulting fees to related parties	10,000	24,250
Administrative expenses	441,986	189,884
Interest and finance fees	335,547	124,283
Interest costs - long term	67,501	10,067
Plant and related costs - Water operations	1,117,380	-
Amortization	253,150	23,967
Equity reduction in investment in Americana Natural Waters Inc.	-	603,552
	2,695,805	1,170,791
Loss for the year before minority interest's share	2,208,620	1,161,933
Minority interest share of loss	(346,712)	-
Loss for the year	1,861,908	1,161,933
Deficit, beginning of year	1,581,387	419,454
Deficit, end of year	$3,443,295	$1,581,387
Loss per share	$ 0.070	$ 0.064

PROVIDENT VENTURES CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended July 31 1994	1993
Operations:		
Loss for the year	$(1,861,908)	$(1,161,933)
Add: Item not affecting a current outlay of funds - Minority share of loss	(346,712)	-
- Amortization	253,150	23,967
- Equity reduction in investment in Americana Natural Waters Inc.	-	603,552
	(1,955,470)	(534,414)
Decrease (increase) in non-cash working capital	1,904,766	(35,446)
Investing activities:		
Project costs incurred net of incidental revenues	-	(1,555)
Net assets acquired in Americana Natural Waters Inc. (Note 3)	(13,712,287)	-
Other fixed assets acquired	(11,628)	-
Investment in Americana Natural Waters Inc.	5,991,917	(6,595,469)
	(7,731,998)	(6,597,024)
Financing activities:		
Cash balance on acquisition of Americana (Note 3)	(11,298)	-
Shares issued	733,589	7,781,293
Decrease in long term debt net of current portion	(111,301)	(560,000)
Debt assumed on acquisition of Americana Natural Waters Inc. (Note 3)	1,953,345	-
Minority interest on acquisition of Americana Natural Waters Inc. (Note 3)	5,147,943	-
	7,712,278	7,221,293
Increase (decrease) in cash	(70,424)	54,409
Cash, beginning of year	67,451	13,042
Cash (deficiency), end of year	$ (2,973)	$ 67,451

PROVIDENT VENTURES CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1994

1. Operations:

(a) Going Concern

At July 31, 1994, a working capital deficiency of $3,162,478 existed. In the current year, a loss of $1,861,908 was incurred and at July 31, 1994 the deficit amounted to $3,443,295. The Corporation's continuance as a going concern is dependent on the Corporation's management, directors and shareholders continuing to inject and obtaining capital funding until such time as the Corporation's projects become profitable. Specifically, a major source of such funding has been loans from a director and his corporation. These loans are secured and have repayment terms which have been required to be extended or loans which have not been called. (See also Notes 7, 8 & 12(c))

(b) Projects

By a Release and Settlement agreement effective March 4, 1994, the Corporation increased its equity ownership in Americana Natural Waters Inc. to 67%.(See also Note 3) All other projects, namely the Championship golf course, resort and retirement community and water projects located in Lumberton, British Columbia, have not been active in the current year.

2. Significant Accounting Policies:

(a) Basis of Consolidation

The consolidated financial statements includes the accounts of its 67% owned subsidiary, Americana Natural Waters Inc.(Americana). As explained in Notes 1 & 3, this controlling interest was acquired in the current year and accordingly the comparative figures are presented non-consolidated.

(b) Project costs (See also Notes 4 and 13)

All costs directly pertaining to the project have been capitalized net of incidental revenues received. Amortization on construction and other equipment acquired for the project have been capitalized to July 31, 1991. Because of delays in this project, subsequent amortization has been charged to the income statement.

(c) Amortization

Capital assets are amortized on the reducing balance method at the following rates:

British Columbia Projects:
- Construction and other equipment - 30%
- Furniture and fixtures - 20%

Water Plant Operations: United States
- Machinery and equipment - 10%
- Office equipment - 20%
- Automotive - 30%

Leasehold improvements are amortized over five years on a straight line basis.

(d) Intangible assets

Intangible assets comprise all rights to the water underlying the Cartago lands including a 99 year lease on said lands. Costs capitalized are amortized over the life of this lease

(e) Inventories

Inventories are recorded at the lower of cost and net realizable value.

(f) Foreign currency translation -

The financial statements of the United States subsidiary, the operations of which are considered to be integrated with those of the Company have been translated to Canadian funds utilizing the temporal method on the following basis:

(i) Monetary assets and monetary liabilities at the rate in effect as at the balance sheet date.
(ii) Other assets and liabilities at the rate in effect at the date on which the transaction occurred.
(iii) Revenue and expenses (excluding depletion and depreciation which are translated at rates of exchange applicable to the related assets) are translated at average rates of exchange for that period.
Translation gains and losses, which are not material, are recognized in the consolidated statement of operations and deficit.

3. Acquisition of Controlling Interest in Americana Natural Waters Inc.

(a) Acquisition stages

(i) Agreements were finalized with Clasped Hands Inc. (C.H.I) on May 24 and May 25, 1993, whereby the Corporation acquired a 40% equity position in a newly incorporated Delaware corporation, Americana Natural Waters Inc. (C.H.I owns the remaining 60%). As consideration for this equity investment, the Corporation converted advances of $3,233,497 (U.S. $2,538,239) into shares of Americana as well as issuing to C.H.I. 10,706,287 shares from treasury. (See also Note 8(b))

(ii) Effective March 4, 1994, the Corporation through agreement with C.H.I. and another involved party, settled their legal disputes as follows:

- The Corporation to pay US$3,500,000 as follows:
  - $900,000 with respect to C.H.I. defined debt with any funds remaining thereafter, being paid directly to C.H.I.
  - $2,600,000 for payment of existing Americana debt and obligations and future operations of Americana.

  The above funds were advanced or expenses paid as follows:

US$500,000	March 17, 1994
US$1,000,000	May 5, 1994
US$2,000,000	August 4, 1994

- For the above consideration, the Corporation acquired a further 27% ownership in Americana. At January 12, 1995, all shares of Americana are held in Trust. However, legal opinion has been obtained indicating that the Corporation has met all of their obligations under this agreement and accordingly the Corporation has 67% beneficial ownership in Americana. i.e. of the 100 shares issued, 67 are beneficially owned by the Corporation and 33 shares are beneficially owned by C.H.I.

This acquisition has been accounted for by the purchase method.

(b) Summary of investment: Consideration provided

Funds converted to shares in Americana	$ 3,233,497
Shares of the Corporation issued to C.H.I. for shares in Americana	3,246,793
Incidental costs incurred with respect to the acquisition	40,179
Finders fee (shares issued in lieu of payment)	75,000
Funds advanced re. C.H.I. defined debt	1,242,000
	7,837,469
Less equity share of loss to date	746,095
	$ 7,091,374

(c) Net assets acquired, at assigned value

Current assets	$ 397,304
Capital assets	
Intangible (water rights)	10,894,700
Plant machinery and equipment and other tangible assets	2,430,066
Organization costs	1,515
	$13,723,585
Current liabilities	$ 1,084,361
Long term debt	399,907
Minority interests	5,147,943
	6,632,211
Net assets	$ 7,091,374

(d) Operations

The operations of the subsidiary have been included in these consolidated financial statements from December 1, 1993 in recognition that expenditures categorized as C.H.I. defined debt have been excluded.

4. Project Cost (See also Note 14(b))

Project costs capitalized and incurred to date with respect to the land development in British Columbia are as follows:

	1993
Land acquired - 300 acres (see below)	$ 458,982
Appraisal, preliminary planning and feasibility studies	19,927
Fees paid to related parties	43,878
Amortization capitalized	115,911
Property taxes	22,740
Reimbursement to Palmer Bar Ranches (an unregistered partnership) for development and planning costs	30,000
Water resource project	5,163
Miscellaneous	64,859
	761,460
Less: Incidental revenues	21,402
	$ 740,058

The Corporation has a right of first refusal to a further 895 acres of land as well as an option to acquire such lands at a price to be determined by appraisal. As consideration for the option, the Corporation has agreed to pay all property taxes on this land during the term of the option.
As indicated in Note 1, there has been limited activity with respect to this project. Management confirm that this project will be completed and that on completion, the above capitalized costs will be recovered.

5. Capital assets

	At Cost	Accumulated Amortization	Net Book Value 1994	Net Book Value 1993
British Columbia projects:				
Construction equipment	$ 228,100	$189,619	$ 38,481	$54,973
Furniture & fixtures	15,608	5,002	10,606	1,630
Water Plant Operations, United States:				
Leasehold improvements	29,405	3,920	25,485	-
Machinery and equipment	2,302,178	153,488	2,148,690	-
Office equipment	80,712	10,761	69,951	-
Automotive	17,771	3,554	14,217	-
	$2,673,774	$366,344	$2,307,430	$56,603

6. Intangible assets: Cartego 99 year lease.

At Cost	$ 10,894,700
Accumulated Amortization	62,005
	$ 10,832,695

A letter of opinion dated December 18, 1992, prepared by Cyril G. Hayes CA, AACI (Hayes Financial Services) estimated the artesian well and 40 acres of land to which the above lease pertains to have a value range between US$10,500,000 and US$11,500,000.
A January 13, 1995 valuation by Willamette Management Associates, Chicago, Illinois (Robert P. Schweins, ASA) determined a value of US$10,800,000.

7. Long term debt

	July 31 1994	July 31 1993
(a) Note payable to a private individual secured by a Deed of Trust. At July 31, 1994, principal outstanding of US$269,130, bears interest at 10% and is repayable in monthly instalments of US$6,277 principal and interest.	371,399	-
(b) Loans from a director and director's corporation		
(1) This loan bears interest at 18% with principal and interest required to be repaid by May 1, 1995. The Corporation has provided a 10% interest in Americana Natural Waters Inc. as security for the above loan.	425,000	-
(2) This loan bears interest on the principal at 5% per annum from March 15, 1994 to June 30, 1994 and at a rate of 18% thereafter. The principal and accrued interest was originally required to be repaid on December 31, 1994 but an extension to March 31, 1995 has been negotiated. A floating charge debenture has been provided over all of the Lumberton property assets of the Corporation.	600,000	-
(3) Other Loans:		
(i) Loan bears interest at 5% and had a repayment date of September 30, 1994	80,351	-
(ii) US$90,000 loan bears interest at 8% and had a repayment date of November 30, 1994	124,200	-
The Corporation in default, with respect to the terms of above loans, is required, on written notice from the lender, to provide a 10% carried interest in the water assets underlying the Lumberton Lands. As at January 13, 1995, no written request has been obtained.		
(c) Construction equipment loan with North American Trust, bearing interest at 15.75% and repaid subsequent to year end.	7,189	16,059
	1,608,139	16,059
Less estimated current portion	1,319,533	16,059
	$ 288,606	$ -

Estimated principal repayments are as follows:

1995	$1,319,533
1996	72,439
1997	79,865
1998	88,051
1999	48,251

8. Share Capital

(a) Summary:

Authorized - Unlimited number of common shares

Issued

	1994		1993	
	Number of Shares	Value	Number of Shares	Value
Balance, beginning of year	25,705,768	$8,317,510	4,114,233	$ 536,217
Conversion of debenture	-	-	1,500,000	450,000
Per Loan agreement	-	-	1,000,000	150,000
Private placement	100,000	139,043	7,175,248	3,625,500
Acquisition of shares in Americana Natural Waters Inc. (Note 3)	-	-	10,706,287	3,246,793
Shares issued in lieu of payment of services rendered	145,740	117,231	500,000	150,000
Directors options	200,000	130,000	270,000	27,000
Palmer Bar options	559,500	167,850	-	-
	26,711,008	$8,871,634	25,265,768	$8,185,510
Private placement - shares not issued at year end	268,634	179,465	440,000	132,000
	26,979,642	$9,051,099	25,705,768	$8,317,510

(b) Escrow Shares (See also Note 3)

Of the shares issued to Clasped Hands Inc., with respect to the investment in Americana Natural Waters Inc., 7,137,882 shares are subject to escrow. In accordance with the terms of the Escrow Agreement dated May 28,1993, the Alberta Stock Exchange consents to the release from escrow of one share for each $0.30 of cash flow (as defined in the agreement) generated by Americana.

(c) Options outstanding at January 13, 1995 are as follows:

- 2,850,000 of share options to directors expiring between April 30, 1995 and December 31, 1998 at exercise prices varying between $0.35 and $1 per share.
- 200,000 share options to a private individual, expiring March 1, 1995 and at an exercise price of $0.65 per share.

(d) Subsequent event

Shares issued after July 31, 1994 were as follows:

(a) Principal of Seda Packaging Corporation
1,139,417 shares @ $0.60 per share

(b) Private placements
The Corporation issued 323,960 shares @ $0.60 per share in settlement of outstanding debts.

(c) Outstanding warrants
Pertaining to the issuances above, there are 1,375,793 outstanding warrants @ $0.75 per share expiring between October 1 and November 15, 1995.

9. Deposit from Lumberton Mines Limited

This deposit represents a downpayment on 16 lots in the proposed golf course development. The remaining balance of $138,270, secured by a promissory note is not payable until the actual assignment of the lots to Lumberton Mines Limited. Because of the uncertainty as to the completion of this project, no profit has been recognized and the receivable of $138,270 has not been reflected in these financial statements.

10. Income taxes:

Income taxes differ from the result which would be obtained by applying the combined Canadian Federal and Provincial tax rate of 44% to the loss for the following reasons:

	July 31 1994	July 31 1993
Computed "expected" income tax recovery	$ 971,793	$ 511,250
Decrease resulting from losses for which no tax benefit is recognized	(971,793)	(511,250)
Actual income tax recovery	$ -	$ -

The Corporation and its subsidiary have accumulated tax losses of approximately $1,930,000 in Canada and US$1,900,000 in the United States available to reduce future taxable income. These losses expire as follows:

	Canada	United States
1996	$ 13,770	US $ -
1997	127,742	-
1998	103,404	-
1999	77,750	-
2000	415,186	-
2001	1,194,701	-
thereafter	-	1,903,086
	$1,932,553	$1,903,086

11. Segmented information

As explained in Note 1, the only active operations of the Corporation are the Water Plant operations located in the United States and which comprise $13,381,591 of the Corporations total assets.

12. Subsequent events - Long term debt

(a) UC Capital Inc.
Subsequent to year end, the Corporation obtained financing from UC Capital Inc. in the amount of US$320,000. This loan bears interest at 24% per annum and is repayable in monthly instalments of $5,333 plus interest. Certain assets of the subsidiary has been provided as collateral.

(b) Seda Packaging Corporation (See also Note 8(d))

By an agreement dated November 1, 1994 between Americana Natural Waters Inc. and Seda Packaging Corporation (Seda), the subsidiary is required to purchase from Seda, fifteen million bottles for their Water plant production during the year ended April 15, 1996, which represents a minimum purchase commitment of US$1,350,000.
As part of this agreement, the principal of Seda agreed to purchase US$500,000 of the Corporation shares at $0.60 per share.

(c) Loans by directors and director's corporation

Further loans were obtained as follows:
- $210,000 bearing interest at prime plus 1% to October 12, 1994 and at 18% thereafter. This loan is to be repaid May 1, 1995.
- $350,000 bearing interest at 12% to January 1, 1995 and 18% thereafter. No specific repayment terms exist.

13. Commitments

(a) Water Plant facility - Valencia California

The Subsidiary's operations are located, at a facility in Valencia, California. This lease was executed by a shareholder in August 1990. As at January 12, 1995, the landlord has not accepted assignment of the lease to the subsidiary. In the event of acceptance, the subsidiary's annual lease payments would be as follows:

1995	$ 208,433
1996	138,955
	$ 347,388

(b) Calgary office location

The Corporation entered into a lease September 1, 1994 for a term of 5 years requiring a base rent of $650 per month increasing to $741 by September 1, 1997.

14. Contingencies

(a) Operations of Americana Natural Waters Inc.

The subsidiary's operations are not fully operational due specifically to past shareholder disputes and lack of working capital.
Management have committed all their resources to the success of this business and accordingly the Corporation's continued existence is dependent on management continuing to obtain capital injections to cover operational costs until such time as the subsidiary becomes self-sustaining and can thereafter repay the Corporation.

(b) Other projects

To fully develop the golf course development and the Canadian water resource projects, and to recover all capitalized costs incurred to date, the Corporation will require further injections of capital or financing. Management is confident this will be obtained.